

**Core Business Process IV- Guarantor and Lender Payments Process****Risk Mitigation and Contingency Options Matrix****Minimum Acceptable Level of Service:**

799's – 30 days from receipt from lenders

| <b>Decomposition of Sub-Process: 1. Receive electronic 799 inputs from lenders</b>             |   |  |                       |                                  |             |                 |  |  |
|--|---|--|-----------------------|----------------------------------|-------------|-----------------|--|--|
| <b>Core Business Process: FFEL Lender and FFEL Lender and Guaranty Agency Payments Process</b> |   |  |                       |                                  |             |                 |  |  |
| <b>Scenario Section</b>  |   |  |                       | <b>Business Priority Section</b> |             |                 | <b>Possible Options</b>  |  |
| Failure Source   | Threat/Failure Scenario                                 | Impact/End Result                      | Earliest Failure Date | Impact Rating                    | Risk Rating | Priority Rating | Risk Mitigation Options  | High-Level Contingency Options   |
| Telecommunication  | ED is unable to receive electronic reports from lenders | ED cannot process payments for lenders | 1/3/2000              | High                             | Low         | Med             | To mitigate the risk that ED cannot process payments to lenders ED would establish earlier cut-off dates (December 1, 1999) to permit 9/30/1999 quarter processing and adjustments to be finalized.<br>ED would also create payment history back-ups and, would postpone adjustment processing in the first quarter of 2000. | In the event of a failure ED would require lenders to submit paper 799 reports for ED to review. |

**Core Business Process IV- Guarantor and Lender Payments Process****Risk Mitigation and Contingency Options Matrix****Minimum Acceptable Level of Service:**

799's – 30 days from receipt from lenders

| <b>Decomposition of Sub-Process: 2. Retrieve 799 information from GEIS</b>     |  |  |                              |                                  |                    |                        |  |  |
|--|--|--|------------------------------|----------------------------------|--------------------|------------------------|--|--|
| <b>Core Business Process: FFEL Lender and Guaranty Agency Payments Process</b> |  |  |                              |                                  |                    |                        |  |  |
| <b>Scenario Section</b>  |  |  |                              | <b>Business Priority Section</b> |                    |                        | <b>Possible Options</b>  |  |
| <b>Failure Source</b>  | <b>Threat/Failure Scenario</b>                     | <b>Impact/End Result</b>   | <b>Earliest Failure Date</b> | <b>Impact Rating</b>             | <b>Risk Rating</b> | <b>Priority Rating</b> | <b>Risk Mitigation Options</b>   | <b>High-Level Contingency Options</b>  |
| GEIS   | ED is unable to retrieve 799 information from GEIS | ED cannot process payments for lenders using electronic information submitted via the GEIS | 1/3/2000                     | High                             | Low                | Med                    | To mitigate the risk that ED cannot process payments to lenders ED would establish earlier cut-off dates (December 1, 1999) to permit 9/30/1999 quarter processing and adjustments to be finalized.<br>ED would also create payment history back-ups and, would postpone adjustment processing in the first quarter of 2000. | In the event of a failure ED would require lenders to submit paper 799 reports for ED to review. |

**Core Business Process IV- Guarantor and Lender Payments Process**

**Risk Mitigation and Contingency Options Matrix**

**Minimum Acceptable Level of Service:**

799's – 30 days from receipt from lenders

| Decomposition of Sub-Process: 3. Receive paper 799 inputs from lenders  |   |  |                       |                           |              |                 |  |                                |
|---|---|--|-----------------------|---------------------------|--------------|-----------------|--|--------------------------------|
| Core Business Process: FFEL Lender and Guaranty Agency Payments Process |   |  |                       |                           |              |                 |  |                                |
| Scenario Section  |   |  |                       | Business Priority Section |              |                 | Possible Options   |                                |
| Failure Source  | Threat/Failure Scenario                           | Impact/End Result  | Earliest Failure Date | Impact Rating             | Risk Rating  | Priority Rating | Risk Mitigation Options  | High-Level Contingency Options |
| Lender systems  | ED is unable to receive paper inputs from lenders | ED would not be able to process information and make payments to lenders | 1/3/2000              | High                      | Undetermined | High            | To mitigate the risk that ED cannot process payments to lenders ED would establish earlier cut-off dates (December 1, 1999) to permit 9/30/1999 quarter processing and adjustments to be finalized.<br>ED would also create payment history back-ups and, would postpone adjustment processing in the first quarter of 2000. | None                           |

**Core Business Process IV- Guarantor and Lender Payments Process**

**Risk Mitigation and Contingency Options Matrix**

**Minimum Acceptable Level of Service:**

799's – 30 days from receipt from lenders

|                                      |                         |                   |                       |   |             |                 |                         |                                |
|--------------------------------------|-------------------------|-------------------|-----------------------|---|-------------|-----------------|-------------------------|--------------------------------|
| <b>Decomposition of Sub-Process:</b> |                         |                   |                       | 4. Create 799 information in FFELP system, 5. Edit 799 Information, 6. Create and Send Letter to Lenders, 7. Return reports to lenders, 8. Post information to History Database system, 9. Create payment information for Warehouse subsystem, 10. Create accounting information for FIS and MIDAS, 11. Create Accounting information for Subtrans Subsystem. |             |                 |                         |                                |
| <b>Core Business Process:</b>        |                         |                   |                       | FFEL Lender and Guaranty Agency Payments Process  |             |                 |                         |                                |
| Scenario Section                     |                         |                   |                       | Business Priority Section   |             |                 | Possible Options        |                                |
| Failure Source                       | Threat/Failure Scenario | Impact/End Result | Earliest Failure Date | Business Priority Impact Rating   | Risk Rating | Priority Rating | Risk Mitigation Options | High-Level Contingency Options |

# Core Business Process IV- Guarantor and Lender Payments Process

## Risk Mitigation and Contingency Options Matrix

### Minimum Acceptable Level of Service:

799's – 30 days from receipt from lenders

|                                       |  |  |          |      |     |     |  |   |
|---------------------------------------|--|--|----------|------|-----|-----|--|---|
| FFELP<br>Core<br>Processing<br>System | <ul style="list-style-type: none"> <li>ED would be unable to create 799 information in FFELP system</li> <li>ED cannot edit 799 information</li> <li>ED cannot create and send a letter to lenders</li> <li>ED cannot return reports to lenders</li> <li>ED cannot post information to History Database system</li> <li>ED cannot create payment information for warehouse subsystem</li> <li>ED cannot create accounting information for FIS and MIDAS</li> <li>ED cannot create Accounting information for Subtrans Subsystem</li> </ul> | A failure would impact ED's ability to make payments to lenders. | 1/3/2000 | High | Low | Med | <ul style="list-style-type: none"> <li>To mitigate the risk of failure, ED would establish earlier cut-off dates (December 1, 1999) to allow 9/30/1999 quarter processing and adjustments to be finalized.</li> <li>In addition, ED would create payment history back-ups and would postpone adjustment processing in first quarter 2000.</li> </ul> | <p>In the event of failure ED would process 799 payments manually and would pay only those lenders that submitted forms to ED</p> <p>Alternatively, ED would pay lenders based on historical payment information subject to the following conditions:</p> <ul style="list-style-type: none"> <li>Only lenders who have submitted forms will be paid</li> <li>The U.S. Treasury would authorize such a payment.</li> <li>That penalty interest may be paid.</li> <li>Those lenders would be required to reconcile when failures are resolved.</li> </ul> |
|---------------------------------------|--|--|----------|------|-----|-----|--|---|

**Core Business Process IV- Guarantor and Lender Payments Process**

**Risk Mitigation and Contingency Options Matrix**

**Minimum Acceptable Level of Service:**

799's – 30 days from receipt from lenders

| Decomposition of Sub-Process: 12. Receive/process payment data from FFEL system, 13. Create/send 712, 713 and 715 reports, 14. Create and send 1166 reports, 15. Create ACH payment, 16. Create Check Payment. |  |  |                       |                           |             |                 |  |   |
|--|--|--|-----------------------|---------------------------|-------------|-----------------|--|---|
| Core Business Process: FFEL Lender and Guaranty Agency Payments Process  |  |  |                       |                           |             |                 |  |   |
| Scenario Section   |  |  |                       | Business Priority Section |             |                 | Possible Options   |   |
| Failure Source   | Threat/Failure Scenario  | Impact/End Result                                | Earliest Failure Date | Impact Rating             | Risk Rating | Priority Rating | Risk Mitigation Options  | High-Level Contingency Options  |
| Warehouse subsystem  | ED cannot receive or process payment data from FFEL system<br>ED cannot create or send 712, 713 and 715 reports<br>ED cannot create and send 1166 reports<br>ED cannot create ACH payment 1666 reports<br>ED cannot create check payment | ED would not be able to make payments to lenders | 1/3/2000              | High                      | Low         | Med             | <ul style="list-style-type: none"> <li>To mitigate the risk of failure, ED would establish earlier cut-off dates (December 1, 1999) to allow 9/30/1999 quarter processing and adjustments to be finalized.</li> <li>In addition, ED would create payment history back-ups and would postpone adjustment processing in first quarter 2000.</li> </ul> | <p>In the event of failure ED would process 799 payments manually and would pay only those lenders that submitted forms to ED</p> <p>Alternatively, ED would pay lenders based on historical payment information subject to the following conditions:</p> <ul style="list-style-type: none"> <li>Only lenders who have submitted forms will be paid</li> <li>The U.S. Treasury would authorize such a payment.</li> <li>That penalty interest may be paid.</li> <li>Those lenders would be required to reconcile when failures are resolved.</li> </ul> |

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## Risk Mitigation and Contingency Options Matrix

### Minimum Acceptable Level of Service:

799's – 30 days from receipt from lenders

| Decomposition of Sub-Process: |  |  |                       | 17. Send history to FFEL processing system, 18. Receive/ process payment posting information from FFEL System, 19. Receive/process payment posting information from ED/OCFO. |             |                 |  |  |  |  |
|-------------------------------|--|--|-----------------------|--|-------------|-----------------|--|--|--|--|
| Core Business Process:        |  |  |                       | FFEL Lender and Guaranty Agency Payments Process   |             |                 |  |  |  |  |
| Scenario Section              |  |  |                       | Business Priority Section  |             |                 | Possible Options   |  |  |  |
| Failure Source                | Threat/Failure Scenario  | Impact/End Result                                      | Earliest Failure Date | Impact Rating  | Risk Rating | Priority Rating | Risk Mitigation Options  |  | High-Level Contingency Options   |  |
| History Database              | ED cannot send history to FFEL processing system<br>ED cannot receive or process payment posting information from FFEL System<br>ED cannot receive or process payment posting information from ED/OCFO | ED would not be able to track payments made to lenders | 1/3/2000              | High   | Low         | Med             | <ul style="list-style-type: none"> <li>To mitigate the risk of failure, ED would establish earlier cut-off dates (December 1, 1999) to allow 9/30/1999 quarter processing and adjustments to be finalized.</li> <li>In addition, ED would create payment history back-ups and would postpone adjustment processing in first quarter 2000.</li> </ul> |  | In the event of failure ED would process 799 payments manually and would pay only those lenders that submitted forms to ED<br><br>Alternatively, ED would pay lenders based on historical payment information subject to the following conditions: <ul style="list-style-type: none"> <li>Only lenders who have submitted forms will be paid</li> <li>The U.S. Treasury would authorize such a payment.</li> <li>That penalty interest may be paid.</li> <li>Those lenders would be required to reconcile when failures are resolved.</li> </ul> |  |

**Core Business Process IV- Guarantor and Lender Payments Process****Risk Mitigation and Contingency Options Matrix****Minimum Acceptable Level of Service:**

799's – 30 days from receipt from lenders

| <b>Decomposition of Sub-Process: 20. Receive/process accounting information from FIS/MIDAS</b> |  |  |                       |                                  |             |                 |   |                                |
|--|--|--|-----------------------|----------------------------------|-------------|-----------------|---|--------------------------------|
| <b>Core Business Process: FFEL Lender and Guaranty Agency Payments Process</b>                 |  |  |                       |                                  |             |                 |   |                                |
| <b>Scenario Section</b>  |  |  |                       | <b>Business Priority Section</b> |             |                 | <b>Possible Options</b>   |                                |
| Failure Source   | Threat/Failure Scenario  | Impact/End Result                                | Earliest Failure Date | Impact Rating                    | Risk Rating | Priority Rating | Risk Mitigation Options   | High-Level Contingency Options |
| EDCAPS   | ED cannot receive or process accounting information from FIS/MIDAS | ED cannot track accounting information in EDCAPS | 1/3/2000              | Low                              | Low         | Low             | <ul style="list-style-type: none"><li>To mitigate the risk of failure, ED would establish earlier cut-off dates (December 1, 1999) to allow 9/30/1999 quarter processing and adjustments to be finalized.</li><li>In addition, ED would create payment history back-ups and would postpone adjustment processing in first quarter 2000.</li></ul> | None identified                |



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**Risk Mitigation and Contingency Options Matrix**

**Minimum Acceptable Level of Service:**

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| <b>Decomposition of Sub-Process:</b> |   |  |   | <b>21. Send/receive payment posting information to History Database</b> |               |             |                  |   |  |  | <b>22. Receive and process payment information from Warehouse Subsystem</b> |  |  |  |  | <b>23. Certify payments (ACH, checks) for Treasury</b> |  |  |  |  | <b>24. Receive/process confirmation reports from Treasury</b> |  |  |  |  |
|--------------------------------------|---|--|---|---|---------------|-------------|------------------|---|--|--|---|--|--|--|--|--|--|--|--|--|---|--|--|--|--|
| <b>Core Business Process:</b>        |   |  |   | <b>FFEL Lender and Guaranty Agency Payments Process</b>                 |               |             |                  |   |  |  |   |  |  |  |  |  |  |  |  |  |   |  |  |  |  |
| Scenario Section                     |   |  |   | Business Priority Section   |               |             | Possible Options |   |  |  |   |  |  |  |  |  |  |  |  |  |   |  |  |  |  |
| Failure Source                       | Threat/Failure Scenario   |  | Impact/End Result                                       | Earliest Failure Date   | Impact Rating | Risk Rating | Priority Rating  | Risk Mitigation Options   |  |  |   |  | High-Level Contingency Options   |  |  |  |  |  |  |  |   |  |  |  |  |
| OCFO                                 | <ul style="list-style-type: none"><li>ED cannot send or receive payment posting information to History database</li><li>ED cannot receive or process payment information from Warehouse Subsystem</li><li>ED cannot certify payments (ACH, checks) for Treasury</li><li>ED cannot receive or process confirmation reports from Treasury</li></ul> |  | ED cannot post payment information in history data base | 1/3/2000  | Low           | Low         | Low              | <ul style="list-style-type: none"><li>To mitigate the risk of failure, ED would establish earlier cut-off dates (December 1, 1999) to allow 9/30/1999 quarter processing and adjustments to be finalized.</li><li>In addition, ED would create payment history back-ups and would postpone adjustment processing in first quarter 2000.</li></ul> |  |  |   |  | In the event of a failure ED would use an alternate certification process. |  |  |  |  |  |  |  |   |  |  |  |  |

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| Decomposition of Sub-Process: 25. Make Payments to Lenders              |   |  |                       |                           |              |                 |  |                                |
|---|---|--|-----------------------|---------------------------|--------------|-----------------|--|--------------------------------|
| Core Business Process: FFEL Lender and Guaranty Agency Payments Process |   |  |                       |                           |              |                 |  |                                |
| Scenario Section  |   |  |                       | Business Priority Section |              |                 | Possible Options   |                                |
| Failure Source  | Threat/Failure Scenario                               | Impact/End Result                                | Earliest Failure Date | Impact Rating             | Risk Rating  | Priority Rating | Risk Mitigation Options  | High-Level Contingency Options |
| Treasury  | US Treasury cannot make payments in the normal manner | ED would not be able to make payments to lenders | 1/3/2000              | High                      | Undetermined | High            | <ul style="list-style-type: none"> <li>To mitigate the risk of failure, ED would establish earlier cut-off dates (December 1, 1999) to allow 9/30/1999 quarter processing and adjustments to be finalized.</li> <li>In addition, ED would create payment history back-ups and would postpone adjustment processing in first quarter 2000.</li> </ul> | None identified.               |

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**Minimum Acceptable Level of Service:**

799's – 30 days from receipt from lenders

| Decomposition of Sub-Process: 26. Issue Confirmation Reports            |   |  |                       |                           |              |                 |  |                                |
|---|---|--|-----------------------|---------------------------|--------------|-----------------|--|--------------------------------|
| Core Business Process: FFEL Lender and Guaranty Agency Payments Process |   |  |                       |                           |              |                 |  |                                |
| Scenario Section  |   |  |                       | Business Priority Section |              |                 | Possible Options   |                                |
| Failure Source  | Threat/Failure Scenario                         | Impact/End Result  | Earliest Failure Date | Impact Rating             | Risk Rating  | Priority Rating | Risk Mitigation Options  | High-Level Contingency Options |
| Treasury  | U.S. Treasury cannot issue Confirmation Reports | ED would not be able to confirm payments to lenders or guarantors. | 1/3/2000              | Low                       | Undetermined | Low             | <ul style="list-style-type: none"> <li>To mitigate the risk of failure, ED would establish earlier cut-off dates (December 1, 1999) to allow 9/30/1999 quarter processing and adjustments to be finalized.</li> <li>In addition, ED would create payment history back-ups and would postpone adjustment processing in first quarter 2000.</li> </ul> | None identified.               |

**Core Business Process IV- Guarantor and Lender Payments Process**

**Risk Mitigation and Contingency Options Matrix**

**Minimum Acceptable Level of Service:**

1189's and 1130's - 60 days from receipt of 1189 and 180 days from receipt of 1130

| Decomposition of Sub-Process: 1. Receive 1189 from GA's 2. Receive 1130 from GA |  |   |                       |                           |              |                 |  |   |
|---|--|---|-----------------------|---------------------------|--------------|-----------------|--|---|
| Core Business Process: FFEL Lender and Guaranty Agency Payments Process         |  |   |                       |                           |              |                 |  |   |
| Scenario Section  |  |   |                       | Business Priority Section |              |                 | Possible Options   |   |
| Failure Source  | Threat/Failure Scenario  | Impact/End Result   | Earliest Failure Date | Impact Rating             | Risk Rating  | Priority Rating | Risk Mitigation Options  | High-Level Contingency Options  |
| Paper 1189 Reports  | ED cannot receive 1189 reports from guaranty agencies<br><br>ED cannot receive 1130 reports from guaranty agencies | ED would not be able to make payments to guaranty agencies. | 1/3/2000              | High                      | Undetermined | High            | <ul style="list-style-type: none"> <li>To mitigate the risk of failure, ED would establish earlier cut-off dates (December 1, 1999) to allow 9/30/1999 quarter processing and adjustments to be finalized.</li> <li>In addition, ED would create payment history back-ups and would postpone adjustment processing in first quarter 2000.</li> </ul> | <p>In the event of a failure ED would advance funds to the guaranty agency reserve fund based on historical information subject to the following provisions:</p> <ul style="list-style-type: none"> <li>That the guaranty agency would perform a reconciliation with ED at a later date</li> <li>ED would suspend the requirement that a guaranty agency submit an 1189 or 1130 report.</li> <li>ED would not pay interest in the event of a late payment.</li> </ul> <p>In the event of a failure, ED would allow guaranty agencies to borrow from federal reserve fund for Operating fund use subject to the following provisions:</p> <ul style="list-style-type: none"> <li>ED would need to obtain a statutory waiver</li> <li>The guaranty agency would be required to pay reasonable interest on the amount borrowed</li> </ul> <p>In the event of a failure, ED would provide relief for reduced minimum reserve levels</p> |

# Core Business Process IV- Guarantor and Lender Payments Process

## Risk Mitigation and Contingency Options Matrix

### Minimum Acceptable Level of Service:

1189's and 1130's - 60 days from receipt of 1189 and 180 days from receipt of 1130

| <b>Decomposition of Sub-Process:</b> |  |  |                       | 3. Create 1130 information in FFELP system 4. Edit 1130 information 5. Send AEA calculation 6. Create accounting information for GA transaction listing 7. Create receivable for GA reports 8. Create GA final SOA 9. Create 1189 information 10. Edit 1189 information |             |                 |  |   |
|--------------------------------------|--|--|-----------------------|---|-------------|-----------------|--|---|
| <b>Core Business Process:</b>        |  |  |                       | FFEL Lender and Guaranty Agency Payments Process  |             |                 |  |   |
| Scenario Section                     |  |  |                       | Business Priority Section   |             |                 | Possible Options   |   |
| Failure Source                       | Threat/Failure Scenario  | Impact/End Result  | Earliest Failure Date | Impact Rating   | Risk Rating | Priority Rating | Risk Mitigation Options  | High-Level Contingency Options  |
| GAQ Subsystem, Or GAF Subsystem      | <ul style="list-style-type: none"> <li>ED cannot create 1130 information in FFELP system</li> <li>ED cannot edit 1130 information</li> <li>ED cannot send AEA calculation to guaranty agencies</li> <li>ED cannot create accounting information for GA transaction listing</li> <li>ED cannot create a receivable for GA reports.</li> <li>ED cannot create GA final statement of account</li> <li>ED cannot create 1189 information</li> <li>ED cannot edit 1189 information</li> </ul> | ED would not be able to make payments to GA's or would be unable to track accounting information in EDCAPS | 1/3/2000              | High  | Low         | Med             | <ul style="list-style-type: none"> <li>To mitigate the risk of failure, ED would establish earlier cut-off dates (December 1, 1999) to allow 9/30/1999 quarter processing and adjustments to be finalized.</li> <li>In addition, ED would create payment history back-ups and would postpone adjustment processing in first quarter 2000.</li> </ul> | <p>In the event of a failure ED would advance funds to the guaranty agency reserve fund based on historical information subject to the following provisions:</p> <ul style="list-style-type: none"> <li>That the guaranty agency would perform a reconciliation with ED at a later date</li> <li>ED would suspend the requirement that a guaranty agency submit an 1189 or 1130 report.</li> <li>ED would not pay interest in the event of a late payment.</li> </ul> <p>In the event of a failure, ED would allow guaranty agencies to borrow from federal reserve fund for Operating fund use subject to the following provisions:</p> <ul style="list-style-type: none"> <li>ED would need to obtain a statutory waiver</li> <li>The guaranty agency would be required to pay reasonable interest on the amount borrowed</li> </ul> <p>In the event of a failure, ED would provide relief for reduced minimum reserve levels</p> |

**Core Business Process IV- Guarantor and Lender Payments Process****Risk Mitigation and Contingency Options Matrix****Minimum Acceptable Level of Service:**

1189's and 1130's - 60 days from receipt of 1189 and 180 days from receipt of 1130

| Decomposition of Sub-Process: |  |  |                       | 11. Create, send, edit reports to GA's           |             |                 |   |  |
|-------------------------------|--|--|-----------------------|--|-------------|-----------------|---|--|
| Core Business Process:        |  |  |                       | FFEL Lender and Guaranty Agency Payments Process |             |                 |   |  |
| Scenario Section              |  |  |                       | Business Priority Section                        |             |                 | Possible Options  |  |
| Failure Source                | Threat/Failure Scenario                        | Impact/End Result  | Earliest Failure Date | Impact Rating                                    | Risk Rating | Priority Rating | Risk Mitigation Options   | High-Level Contingency Options   |
| GAF Subsystem                 | ED cannot create and send edit reports to GA's | ED would not be able to notify guaranty agencies regarding their account activity. | 1/3/2000              | Low  | Low         | Low             | <ul style="list-style-type: none"><li>To mitigate the risk of failure, ED would establish earlier cut-off dates (December 1, 1999) to allow 9/30/1999 quarter processing and adjustments to be finalized.</li><li>In addition, ED would create payment history back-ups and would postpone adjustment processing in first quarter 2000.</li></ul> | In the event of a failure, ED would develop an alternative means of notifying guaranty agencies of their account activity. |

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1189's and 1130's - 60 days from receipt of 1189 and 180 days from receipt of 1130

| <b>Decomposition of Sub-Process:</b> |                         |                   |                       | 12. Receive/process information from DDT 13. Receive and process 1130 AEA report 14. Post information to GAF history database 15. Create Payment information for Warehouse subsystem 16. Authorize Payment Approvals 17. Create accounting information for interface Transaction Report 18. Create accounting information for MIDAS table 19. Create accounting information for GA MIDAS transaction listing |             |                 |                         |                                |
|--------------------------------------|-------------------------|-------------------|-----------------------|--|-------------|-----------------|-------------------------|--------------------------------|
| <b>Core Business Process:</b>        |                         |                   |                       | FFEL Lender and Guaranty Agency Payments Process   |             |                 |                         |                                |
| Scenario Section                     |                         |                   |                       | Business Priority Section  |             |                 | Possible Options        |                                |
| Failure Source                       | Threat/Failure Scenario | Impact/End Result | Earliest Failure Date | Business Priority  |             |                 | Risk Mitigation Options | High-Level Contingency Options |
|                                      |                         |                   |                       | Impact Rating  | Risk Rating | Priority Rating |                         |                                |

# Core Business Process IV- Guarantor and Lender Payments Process

## Risk Mitigation and Contingency Options Matrix

### Minimum Acceptable Level of Service:

1189's and 1130's - 60 days from receipt of 1189 and 180 days from receipt of 1130

|               |  |  |          |      |     |     |  |   |
|---------------|--|--|----------|------|-----|-----|--|---|
| GAF Subsystem | <ul style="list-style-type: none"> <li>ED cannot receive or process information from DDT</li> <li>ED cannot receive and process 1130 AEA report</li> <li>ED cannot post information to GAF history database</li> <li>ED cannot create Payment information for Warehouse subsystem</li> <li>ED cannot authorize Payment Approvals</li> <li>ED cannot create accounting information for interface Transaction Report</li> <li>ED cannot create accounting information for MIDAS table</li> <li>ED cannot create accounting information for GA MIDAS transaction listing</li> </ul> | ED would not be able to make payments to guaranty agencies | 1/3/2000 | High | Low | Med | <ul style="list-style-type: none"> <li>To mitigate the risk of failure, ED would establish earlier cut-off dates (December 1, 1999) to allow 9/30/1999 quarter processing and adjustments to be finalized.</li> <li>In addition, ED would create payment history back-ups and would postpone adjustment processing in first quarter 2000.</li> </ul> | <p>In the event of a failure ED would advance funds to the guaranty agency reserve fund based on historical information subject to the following provisions:</p> <ul style="list-style-type: none"> <li>That the guaranty agency would perform a reconciliation with ED at a later date</li> <li>ED would suspend the requirement that a guaranty agency submit an 1189 or 1130 report.</li> <li>ED would not pay interest in the event of a late payment.</li> </ul> <p>In the event of a failure, ED would allow guaranty agencies to borrow from federal reserve fund for Operating fund use subject to the following provisions:</p> <ul style="list-style-type: none"> <li>ED would need to obtain a statutory waiver</li> <li>The guaranty agency would be required to pay reasonable interest on the amount borrowed</li> </ul> <p>In the event of a failure, ED would provide relief for reduced minimum reserve levels</p> |
|---------------|--|--|----------|------|-----|-----|--|---|



**Core Business Process IV- Guarantor and Lender Payments Process**

**Risk Mitigation and Contingency Options Matrix**

**Minimum Acceptable Level of Service:**

1189's and 1130's - 60 days from receipt of 1189 and 180 days from receipt of 1130

| Decomposition of Sub-Process: 20. Receive/process payment data from GAF system |   |   |                       | Core Business Process: FFEL Lender and Guaranty Agency Payments Process |             |                 |  |   |
|--|---|---|-----------------------|---|-------------|-----------------|--|---|
| Scenario Section   |   |   |                       | Business Priority Section   |             |                 | Possible Options   |   |
| Failure Source   | Threat/Failure Scenario                                   | Impact/End Result                             | Earliest Failure Date | Impact Rating   | Risk Rating | Priority Rating | Risk Mitigation Options  | High-Level Contingency Options  |
| Warehouse subsystem  | ED cannot receive or process payment data from GAF system | ED would not be able to make payments to GA's | 1/3/2000              | High  | Low         | Med             | <ul style="list-style-type: none"> <li>To mitigate the risk of failure, ED would establish earlier cut-off dates (December 1, 1999) to allow 9/30/1999 quarter processing and adjustments to be finalized.</li> <li>In addition, ED would create payment history back-ups and would postpone adjustment processing in first quarter 2000.</li> </ul> | <p>In the event of a failure ED would advance funds to the guaranty agency reserve fund based on historical information subject to the following provisions:</p> <ul style="list-style-type: none"> <li>That the guaranty agency would perform a reconciliation with ED at a later date</li> <li>ED would suspend the requirement that a guaranty agency submit an 1189 or 1130 report.</li> <li>ED would not pay interest in the event of a late payment.</li> </ul> <p>In the event of a failure, ED would allow guaranty agencies to borrow from federal reserve fund for Operating fund use subject to the following provisions:</p> <ul style="list-style-type: none"> <li>ED would need to obtain a statutory waiver</li> <li>The guaranty agency would be required to pay reasonable interest on the amount borrowed</li> </ul> <p>In the event of a failure, ED would provide relief for reduced minimum reserve levels</p> |

**Core Business Process IV- Guarantor and Lender Payments Process**

**Risk Mitigation and Contingency Options Matrix**

**Minimum Acceptable Level of Service:**

1189's and 1130's - 60 days from receipt of 1189 and 180 days from receipt of 1130

| Decomposition of Sub-Process: 21. Create/send 712, 713 and 715 reports |   |   |                       | Core Business Process: FFEL Lender and Guaranty Agency Payments Process |             |                 |  |   |
|--|---|---|-----------------------|---|-------------|-----------------|--|---|
| Scenario Section   |   |   |                       | Business Priority Section   |             |                 | Possible Options   |   |
| Failure Source   | Threat/Failure Scenario                           | Impact/End Result   | Earliest Failure Date | Impact Rating   | Risk Rating | Priority Rating | Risk Mitigation Options  | High-Level Contingency Options  |
| Warehouse subsystem  | ED cannot create or send 712, 713 and 715 reports | ED would not be able to provide activity information to guaranty agencies in the normal manner or in a timely fashion | 1/3/2000              | High  | Low         | Med             | <ul style="list-style-type: none"> <li>To mitigate the risk of failure, ED would establish earlier cut-off dates (December 1, 1999) to allow 9/30/1999 quarter processing and adjustments to be finalized.</li> <li>In addition, ED would create payment history back-ups and would postpone adjustment processing in first quarter 2000.</li> </ul> | <p>In the event of a failure ED would advance funds to the guaranty agency reserve fund based on historical information subject to the following provisions:</p> <ul style="list-style-type: none"> <li>That the guaranty agency would perform a reconciliation with ED at a later date</li> <li>ED would suspend the requirement that a guaranty agency submit an 1189 or 1130 report.</li> <li>ED would not pay interest in the event of a late payment.</li> </ul> <p>In the event of a failure, ED would allow guaranty agencies to borrow from federal reserve fund for Operating fund use subject to the following provisions:</p> <ul style="list-style-type: none"> <li>ED would need to obtain a statutory waiver</li> <li>The guaranty agency would be required to pay reasonable interest on the amount borrowed</li> </ul> <p>In the event of a failure, ED would provide relief for reduced minimum reserve levels</p> |

**Core Business Process IV- Guarantor and Lender Payments Process**

**Risk Mitigation and Contingency Options Matrix**

**Minimum Acceptable Level of Service:**

1189's and 1130's - 60 days from receipt of 1189 and 180 days from receipt of 1130

| <b>Decomposition of Sub-Process:</b>     |  |   |                       | <b>22. Create and send 1166 reports</b> <b>23. Create ACH payment</b> <b>24. Create Check Payment</b> <b>25 Send history to FFEL Processing System</b> <b>Receive/process information from FFEL system</b> <b>26. Receive/process information from FFEL system</b> |             |                 |  |   |  |
|--|--|---|-----------------------|--|-------------|-----------------|--|---|--|
| <b>Core Business Process:</b>            |  |   |                       | <b>FFEL Lender and Guaranty Agency Payments Process</b>  |             |                 |  |   |  |
| Scenario Section                         |  |   |                       | Business Priority Section  |             |                 | Possible Options   |   |  |
| Failure Source                           | Threat/Failure Scenario  | Impact/End Result                             | Earliest Failure Date | Impact Rating  | Risk Rating | Priority Rating | Risk Mitigation Options  | High-Level Contingency Options  |  |
| Warehouse subsystem or, History Database | <ul style="list-style-type: none"> <li>ED cannot create and send 1166 reports</li> <li>ED cannot create ACH payment</li> <li>ED cannot create check Payment</li> <li>ED cannot send history to FFEL Processing System</li> <li>ED cannot receive/process information from FFEL system</li> </ul> | ED would not be able to make payments to GA's | 1/3/2000              | High   | Low         | Med             | <ul style="list-style-type: none"> <li>To mitigate the risk of failure, ED would establish earlier cut-off dates (December 1, 1999) to allow 9/30/1999 quarter processing and adjustments to be finalized.</li> <li>In addition, ED would create payment history back-ups and would postpone adjustment processing in first quarter 2000.</li> </ul> | <p>In the event of a failure ED would advance funds to the guaranty agency reserve fund based on historical information subject to the following provisions:</p> <ul style="list-style-type: none"> <li>That the guaranty agency would perform a reconciliation with ED at a later date</li> <li>ED would suspend the requirement that a guaranty agency submit an 1189 or 1130 report.</li> <li>ED would not pay interest in the event of a late payment.</li> </ul> <p>In the event of a failure, ED would allow guaranty agencies to borrow from federal reserve fund for Operating fund use subject to the following provisions:</p> <ul style="list-style-type: none"> <li>ED would need to obtain a statutory waiver</li> <li>The guaranty agency would be required to pay reasonable interest on the amount borrowed</li> </ul> <p>In the event of a failure, ED would provide relief for reduced minimum reserve levels</p> |  |

**Core Business Process IV- Guarantor and Lender Payments Process**

**Risk Mitigation and Contingency Options Matrix**

**Minimum Acceptable Level of Service:**

1189's and 1130's - 60 days from receipt of 1189 and 180 days from receipt of 1130

| Decomposition of Sub-Process: 27. Receive/ process payment posting information from ED/OCFO |  |   |                       |                           |             |                 |  |   |
|---|--|---|-----------------------|---------------------------|-------------|-----------------|--|---|
| Core Business Process: FFEL Lender and Guaranty Agency Payments Process                     |  |   |                       |                           |             |                 |  |   |
| Scenario Section  |  |   |                       | Business Priority Section |             |                 | Possible Options   |   |
| Failure Source  | Threat/Failure Scenario  | Impact/End Result                                 | Earliest Failure Date | Impact Rating             | Risk Rating | Priority Rating | Risk Mitigation Options  | High-Level Contingency Options  |
| History Database  | ED cannot receive process payment posting information from ED/OCFO | ED would not be able to track payment information | 1/3/2000              | Low                       | Low         | Low             | <ul style="list-style-type: none"> <li>To mitigate the risk of failure, ED would establish earlier cut-off dates (December 1, 1999) to allow 9/30/1999 quarter processing and adjustments to be finalized.</li> <li>In addition, ED would create payment history back-ups and would postpone adjustment processing in first quarter 2000.</li> </ul> | <p>In the event of a failure ED would advance funds to the guaranty agency reserve fund based on historical information subject to the following provisions:</p> <ul style="list-style-type: none"> <li>That the guaranty agency would perform a reconciliation with ED at a later date</li> <li>ED would suspend the requirement that a guaranty agency submit an 1189 or 1130 report.</li> <li>ED would not pay interest in the event of a late payment.</li> </ul> <p>In the event of a failure, ED would allow guaranty agencies to borrow from federal reserve fund for Operating fund use subject to the following provisions:</p> <ul style="list-style-type: none"> <li>ED would need to obtain a statutory waiver</li> <li>The guaranty agency would be required to pay reasonable interest on the amount borrowed</li> </ul> <p>In the event of a failure, ED would provide relief for reduced minimum reserve levels</p> |

**Core Business Process IV- Guarantor and Lender Payments Process****Risk Mitigation and Contingency Options Matrix****Minimum Acceptable Level of Service:**

1189's and 1130's - 60 days from receipt of 1189 and 180 days from receipt of 1130

| <b>Decomposition of Sub-Process: 28. Receive/process accounting information from FIS/MIDAS</b> |   |   |                       |                                  |             |                 |                         |                                |
|--|---|---|-----------------------|----------------------------------|-------------|-----------------|-------------------------|--------------------------------|
| <b>Core Business Process: FFEL Lender and Guaranty Agency Payments Process</b>                 |   |   |                       |                                  |             |                 |                         |                                |
| <b>Scenario Section</b>  |   |   |                       | <b>Business Priority Section</b> |             |                 | <b>Possible Options</b> |                                |
| Failure Source   | Threat/Failure Scenario   | Impact/End Result   | Earliest Failure Date | Impact Rating                    | Risk Rating | Priority Rating | Risk Mitigation Options | High-Level Contingency Options |
| EDCAPS   | ED cannot receive/process accounting information from FIS/MIDAS | ED would not be able to track accounting information for EDCAPS | 1/3/2000              | Low                              | Low         | Low             | None identified yet     | None identified yet            |

**Core Business Process IV- Guarantor and Lender Payments Process**

**Risk Mitigation and Contingency Options Matrix**

**Minimum Acceptable Level of Service:**

1189's and 1130's - 60 days from receipt of 1189 and 180 days from receipt of 1130

| <b>Decomposition of Sub-Process: 29. Receive and process payment information from Warehouse Subsystem 30. Send/receive payment posting information to History Database 31. Certify payments (ACH, checks) for Treasury 32. Receive/process confirmation reports from Treasury</b><br><b>Core Business Process: FFEL Lender and Guaranty Agency Payments Process</b> |   |   |                       |                           |             |                 |  |  |
|---|---|---|-----------------------|---------------------------|-------------|-----------------|--|--|
| Scenario Section  |   |   |                       | Business Priority Section |             |                 | Possible Options   |  |
| Failure Source  | Threat/Failure Scenario   | Impact/End Result                             | Earliest Failure Date | Impact Rating             | Risk Rating | Priority Rating | Risk Mitigation Options  | High-Level Contingency Options   |
| OCFO  | <ul style="list-style-type: none"> <li>ED cannot receive and process payment information from Warehouse Subsystem</li> <li>ED cannot Receive and process payment information from Warehouse Subsystem</li> <li>ED cannot send/receive payment posting information to History Database</li> <li>ED cannot certify payments (ACH, checks) for Treasury</li> <li>ED cannot receive/process confirmation reports from Treasury</li> </ul> | ED would not be able to track payment history | 1/3/2000              | Low                       | Low         | Low             | <ul style="list-style-type: none"> <li>To mitigate the risk of failure, ED would establish earlier cut-off dates (December 1, 1999) to allow 9/30/1999 quarter processing and adjustments to be finalized.</li> <li>In addition, ED would create payment history back-ups and would postpone adjustment processing in first quarter 2000.</li> </ul> | In the event of a failure ED would use an alternative certification process. |

**Core Business Process IV- Guarantor and Lender Payments Process****Risk Mitigation and Contingency Options Matrix****Minimum Acceptable Level of Service:**

1189's and 1130's - 60 days from receipt of 1189 and 180 days from receipt of 1130

| Decomposition of Sub-Process: 33. Unable to make Payments to GA's       |  |   |                       |                           |             |                 |   |                                |
|---|--|---|-----------------------|---------------------------|-------------|-----------------|---|--------------------------------|
| Core Business Process: FFEL Lender and Guaranty Agency Payments Process |  |   |                       |                           |             |                 |   |                                |
| Scenario Section  |  |   |                       | Business Priority Section |             |                 | Possible Options  |                                |
| Failure Source  | Threat/Failure Scenario                            | Impact/End Result                             | Earliest Failure Date | Impact Rating             | Risk Rating | Priority Rating | Risk Mitigation Options   | High-Level Contingency Options |
| Treasury  | Treasury cannot make payments to guaranty agencies | ED would not be able to make payments to GA's | 1/3/2000              | High                      | Low         | Med             | <ul style="list-style-type: none"><li>To mitigate the risk of failure, ED would establish earlier cut-off dates (December 1, 1999) to allow 9/30/1999 quarter processing and adjustments to be finalized.</li><li>In addition, ED would create payment history back-ups and would postpone adjustment processing in first quarter 2000.</li></ul> | None identified yet            |

**Core Business Process IV- Guarantor and Lender Payments Process****Risk Mitigation and Contingency Options Matrix****Minimum Acceptable Level of Service:**

1189's and 1130's - 60 days from receipt of 1189 and 180 days from receipt of 1130

| <b>Decomposition of Sub-Process: 34. Issue Confirmation Reports to Treasury</b> |  |  |                       |                                  |             |                 |   |                                |
|---|--|--|-----------------------|----------------------------------|-------------|-----------------|---|--------------------------------|
| <b>Core Business Process: FFEL Lender and Guaranty Agency Payments Process</b>  |  |  |                       |                                  |             |                 |   |                                |
| <b>Scenario Section</b>   |  |  |                       | <b>Business Priority Section</b> |             |                 | <b>Possible Options</b>   |                                |
| Failure Source  | Threat/Failure Scenario                          | Impact/End Result                        | Earliest Failure Date | Impact Rating                    | Risk Rating | Priority Rating | Risk Mitigation Options   | High-Level Contingency Options |
| Treasury  | ED cannot issue confirmation reports to Treasury | ED would not be able to confirm payments | 1/3/2000              | Low                              | Low         | Low             | <ul style="list-style-type: none"><li>To mitigate the risk of failure, ED would establish earlier cut-off dates (December 1, 1999) to allow 9/30/1999 quarter processing and adjustments to be finalized.</li><li>In addition, ED would create payment history back-ups and would postpone adjustment processing in first quarter 2000.</li></ul> | None identified yet            |



**Core Business Process IV- Guarantor and Lender Payments Process****Lender Claims Sub-Process****Minimum Acceptable Level of Service:**

Lender Claims – 120 days from discovery

| <b>Decomposition of Sub-Process: 1. Submit electronic claims for payment</b>   |                              |  |                       |                                  |              |                 |  |   |
|--|------------------------------|--|-----------------------|----------------------------------|--------------|-----------------|--|---|
| <b>Core Business Process: FFEL Lender and Guaranty Agency Payments Process</b> |                              |  |                       |                                  |              |                 |  |   |
| <b>Scenario Section</b>  |                              |  |                       | <b>Business Priority Section</b> |              |                 | <b>Possible Options</b>  |   |
| Failure Source   | Threat/Failure Scenario      | Impact/End Result                                | Earliest Failure Date | Impact Rating                    | Risk Rating  | Priority Rating | Risk Mitigation Options  | High-Level Contingency Options  |
| Lender Systems   | Lenders cannot submit claims | ED would not be able to make payments to lenders | 1/3/2000              | High                             | Undetermined | High            | To mitigate the risk that lenders would not be able to submit claims to ED for payment, ED would encourage lenders to submit claims earlier, preferably before January 1, 2000 | In the event of a failure ED would use a manual process to pay lender claims. |

**Core Business Process IV- Guarantor and Lender Payments Process****Lender Claims Sub-Process****Minimum Acceptable Level of Service:**

Lender Claims – 120 days from discovery

| <b>Decomposition of Sub-Process: 2. Review claims for payment</b>              |                         |   |                       |                                  |              |                 |   |   |
|--|-------------------------|---|-----------------------|----------------------------------|--------------|-----------------|---|---|
| <b>Core Business Process: FFEL Lender and Guaranty Agency Payments Process</b> |                         |   |                       |                                  |              |                 |   |   |
| <b>Scenario Section</b>  |                         |   |                       | <b>Business Priority Section</b> |              |                 | <b>Possible Options</b>   |   |
| Failure Source   | Threat/Failure Scenario | Impact/End Result   | Earliest Failure Date | Impact Rating                    | Risk Rating  | Priority Rating | Risk Mitigation Options   | High-Level Contingency Options  |
| GA systems   | GA cannot review claims | A lender would not be able to receive payments from a guaranty agency | 1/3/2000              | High                             | Undetermined | High            | To mitigate the risk that guaranty agencies would not be able to review and process lender payment claims ED would encourage lenders to submit claims to guaranty agencies earlier, preferably before January 1, 2000 | In the event of a failure, the guaranty agency would use a manual process to pay lender claims. |

**Core Business Process IV- Guarantor and Lender Payments Process**

**Lender Claims Sub-Process**

**Minimum Acceptable Level of Service:**

Lender Claims – 120 days from discovery

| Decomposition of Sub-Process: 3. GA makes payment to lender             |   |  |                       |                           |              |                 |  |
|---|---|--|-----------------------|---------------------------|--------------|-----------------|--|
| Core Business Process: FFEL Lender and Guaranty Agency Payments Process |   |  |                       |                           |              |                 |  |
| Scenario Section  |   |  |                       | Business Priority Section |              |                 | Possible Options   |
| Failure Source  | Threat/Failure Scenario                           | Impact/End Result  | Earliest Failure Date | Impact Rating             | Risk Rating  | Priority Rating | High-Level Contingency Options   |
| GA Systems  | A guaranty agency cannot make payments to lenders | Lender would not be able to receive payments from guaranty agencies for claims filed | 1/3/2000              | High                      | Undetermined | High            | <p>To mitigate the risk that guaranty agencies would not be able make payment to lenders ED would encourage lenders to submit claims to guaranty agencies earlier, preferably before January 1, 2000</p> <p>In the event of a failure, ED would provide payments directly to lenders.<br/>This would require:</p> <ul style="list-style-type: none"> <li>GA's to perform the following activities:</li> <li>The GA must approve or certify claim payment</li> <li>The GA would repay funds plus interest to ED as an adjustment on next 1189/1130 process</li> </ul> <p>This would require ED to perform the following activities:</p> <ul style="list-style-type: none"> <li>ED would use the interest benefit payment process</li> <li>ED would seek statutory relief required-currently no authority</li> </ul> |